



London Capital Credit Union
the savings & loans co-operative



Annual Report
2023 - 2024



Active Adult Membership



18,512
(+8%)

Members Loans Balances



£12,757,322
(+17%)

Borrowers



**Number of
loans issued**
3,727 (+6%)

Total Savings



£21,288,000
(+6%)

Value of loans issued



£8,381,000
(+9%)

Capital Asset Ratio



10.35%
(+11%)



*Ms Helen Baron
(President)*



*Ms Kerry Hallett
(Vice-Chair)*



*Mr Don Kehoe
(Secretary)*



*Ms Julie Dupont-Nedellec
(Treasurer)*

Report of Directors for the Financial Year

Overview

The Credit Union is a democratically owned and controlled co-operative, run by and for its members on the basis of mutual self-help. This is the annual report of the Credit Union for the financial year to the end of September 2024. The purpose of this report is to inform members & stakeholders of our progress in meeting our objectives, to provide high quality ethical and affordable co-operative financial services.

The year has seen strong growth in membership, savings, the value of the loan book, with increased capital asset ratio and lending margins while maintaining low typical loan interest rates. This will allow us to increase dividends on members savings and provide loan interest rebates to our borrowing members.

The primary purpose of the Credit Union is to promote saving as an alternative to borrowing. It is pleasing to report a further surplus of £266k, a like for like increase of 8% in the number of members now saving with us and a 6% in the value of our members savings balances during the year. It is our member's savings that provide the money to lend to people in times of need. In this financial year the value of loans we issued, savings we attracted and the number of members we have served have all increased significantly. The ongoing cost-of-living crisis continues to make it difficult for any of us to save. The surge in inflation pushed up bank interest rates on deposits after years of near zero on savings making the public more sensitive to returns on savings. The economic situation puts downward pressure on the ability of people to save but makes our Saver Loans ever more essential for people struggling to make ends meet, and/or looking at more affordable ways of borrowing at times of need.

our loan book further, increased loan interest income and maintained tight cost controls. We will return dividends and loan rebates to our members in the local communities where the profits were generated.

Outlook for the Future

The trend toward fewer stronger credit continues. In early 2025 it was sad to see the closure of a neighbouring London Community Credit Union but it means less confusion amongst the public and options for further growth for our own credit union. It is never possible to predict the future but it seems likely that both inflation and bank interest rates are likely to reduce in the current financial year. We will continue to base our strategy on providing the highest quality services, listening and responding to the needs of our members. We expect further growth in the number of people we help to save, an increase in the value of our members savings and further strong demand for our ethical and low-cost loan products. Our Salary Savings Schemes are increasingly popular with employers and their staff as the scheme helps working people save and avoid problem debts. We expect more employers to offer this important employee benefit in the current year.

The increases in national minimum wage, settling of public service strikes resulting in back-pay lump sums, and steady increase in state pensions will benefit many of our members who are drawn from poorer sections of society. The UK government is consulting on changes to credit union regulation that may liberalise the rules limiting competition in the market. We envisage the trend to continue toward fewer larger credit unions benefiting from economies of scale whilst remaining committed to the communities we serve.

We have maintained profitability as we have grown

Loans Panel Report

Our interest rates on loans can start from as low as 2.9% apr and are based on the principles of risk-based lending. Our typical loan rate remains at 12.7% apr, significantly lower than most Credit Unions and compares very well with an average UK credit card rate which has risen further to 26.3% Unlike other lenders we did not increase our loan interest rates, even during the period of very high inflation, and still have no plans to do so.

Success in lending is particularly important as it evidences our ability to replace other sources of more expensive debt, and gets ever more people moving from being borrowers into becoming savers. Maintenance of a good loan book is vitally important for the Credit Union to maintain independence and longer-term financial sustainability, helping many tens of thousands of people along the way.

During the year we issued £8,381,000 in loans to members, an increase of over 9%. By year end the loan balances increased to £12,757,00 up by 17% year on year.

With inflation and bank lending rates still at high levels we expect pressure on household finances to continue to cause financial stresses to the public. We expect the trend to continue where we are seeing working people borrowing higher sums to clear credit cards or bank loans. The increasing popularity of our larger value Homeowner Loans is set to continue but we expect the majority of loans to be of smaller value, often to people who might otherwise have no access to affordable credit.

Report of Supervisory Team

The role of the team is to act as an independent internal auditor to ensure that policies, procedures and regulatory requirements are properly applied. Since the AGM in March 2024 the elected supervisory members having served for the year are Gordon Brown, Brenda Cossio (Chair), John Davies and Eugene McCrohan. These long serving Supervisors have carried out regular checks in the office and provided both written and verbal reports to every meeting of the Board of Directors. They focus checks with regard to the risk register and

Board risk appetite, prioritising areas where risk is deemed greatest. Where issues have been raised then prompt action has been taken to improve processes and policies.

One of the key roles of the supervisory team is to ensure that the Board delivers compliance with regulatory requirements. We are pleased to confirm that all regulatory returns have been completed and returned as required.

The Credit Union would like to express our appreciation to the hard work and commitment of our long serving supervisory team, all of whom are volunteers.





Member Survey

Satisfaction

Throughout the financial year we have continued to focus on providing the best possible levels of customer service.

During 2024 we undertook the annual membership survey and asked our members how they rated us for customer service. Of particular note was that, once again, nearly half of those responding said that they had no savings at all before they joined the Credit Union. As our primary objective is to promote saving this is a very positive result.

Just over 9% of members contacted responded to the survey. The survey shows a high overall level of member satisfaction with the services we provide, with an average score of 9.0 out of a possible 10, (an increase from 8.9 in the previous year). We know that this is a significant achievement and is a credit to our staff and volunteer team.

We will continue to develop our services with the emphasis on customer/member satisfaction with a view to continuous improvement in everything we do. In the survey 34% of members joined after a

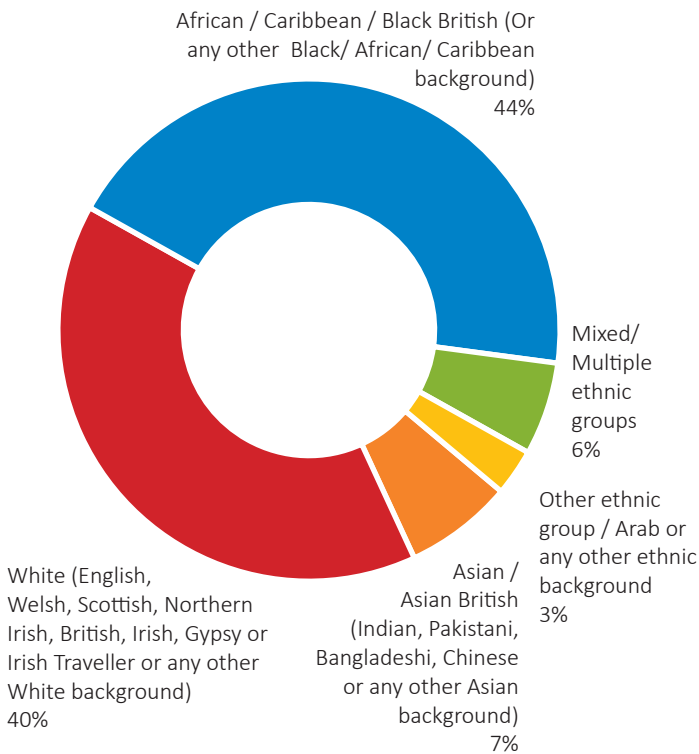
personal word of mouth recommendation, with 26% having heard about us from one of our employer partners staff wellbeing schemes. High levels of member satisfaction continues to be the most effective method of driving membership recruitment, and core to our objectives as a member owned co-operative.

- **50% HAD NO SAVINGS OF ANY KIND BEFORE JOINING THE CU.**
- **74% SAID THEY WOULD BE WILLING TO HELPING PUBLICISE OUR WORK.**
- **65% OF RESPONDENTS KNEW OF DIFFERENT ACCOUNTS AVAILABLE, COMPARED WITH JUST 43% THE PREVIOUS YEAR.**
- **54% OF MEMBERS HAD BEEN HELPED WITH A LOW-COST SAVER LOAN FROM THE CU.**
- **81% NOW REGISTERED WITH MEMBERS SECURE AREA OF THE WEBSITE AND/OR THE MOBILE APP, THE SAME AS PREVIOUS YEAR.**
- **31% DESCRIBED THEMSELVES AS LONE PARENTS.**

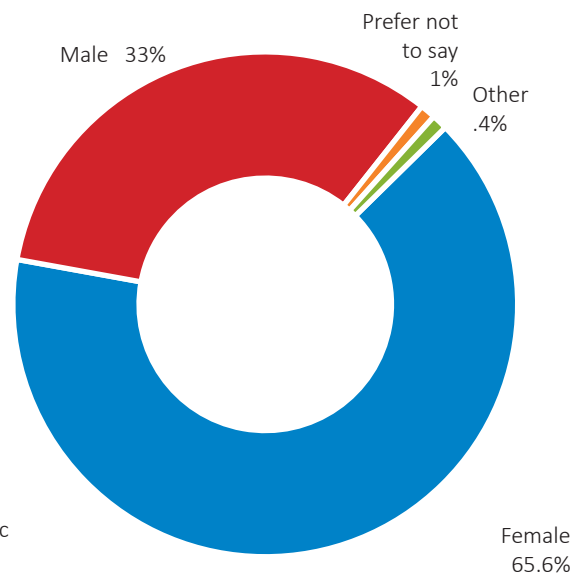
Social Impact from 2024 Member Survey

Even co-operatives have to balance the books, weighing up commercial and social objectives that can pull indifferent directions. Luckily our co-operative is not subject to the financial strains relating to share price fluctuation so can afford to take longer term decisions when it comes to helping members. To assess how we meet our social objective we look at certain socio-economic factors and see how they relate to those sections of society most likely to face financial exclusion, debt and poverty.

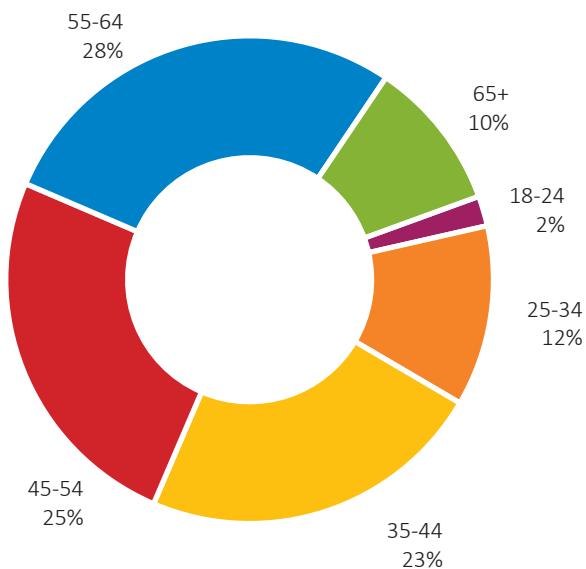
Ethnicity



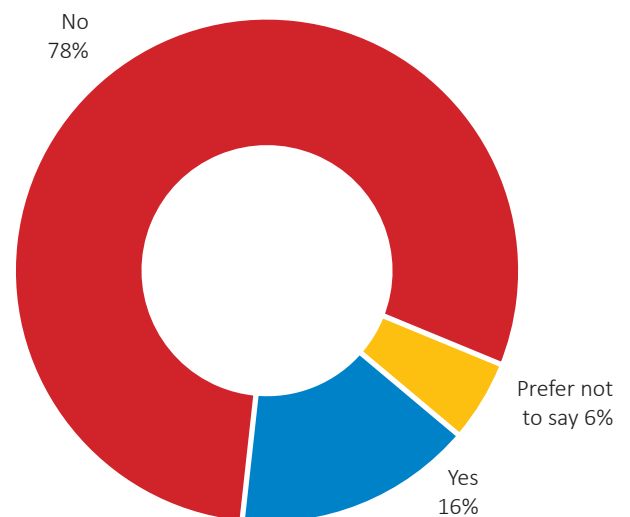
Gender



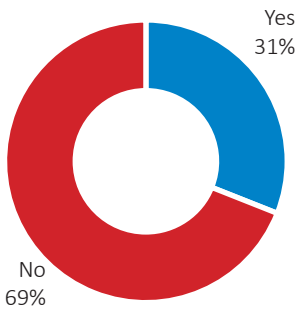
Age



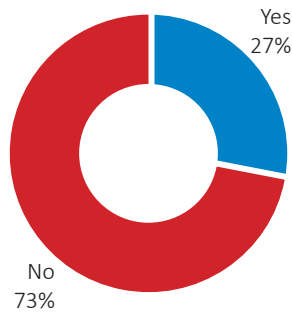
Disability



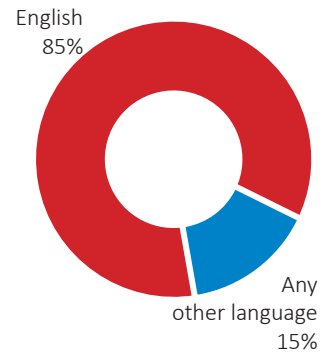
Single Parent Status



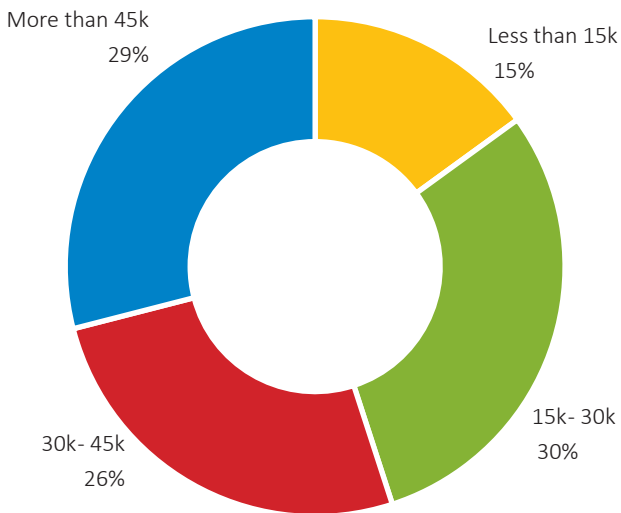
Caring Responsibilities (excluding children)



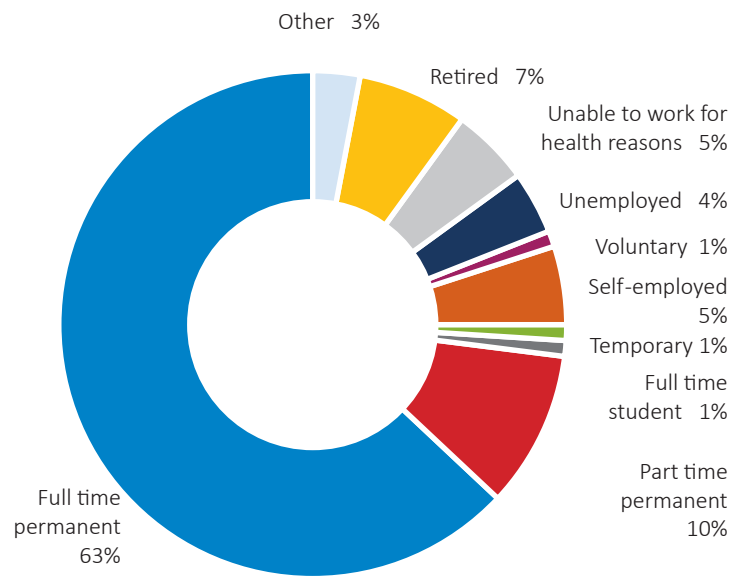
First Language



Total Household Income

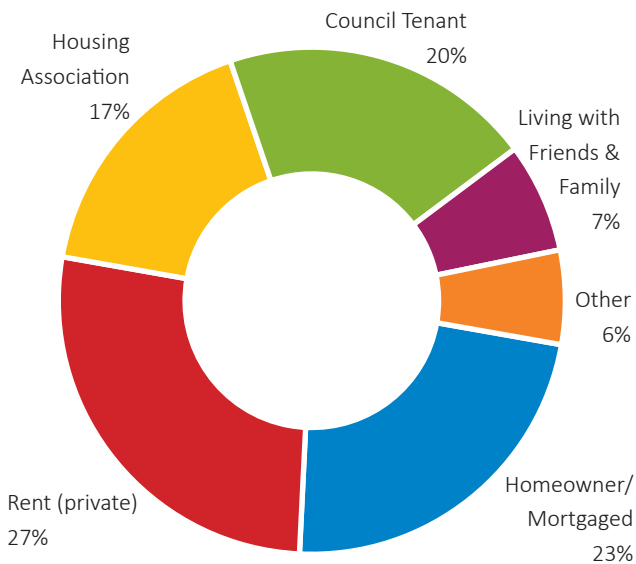


Employment

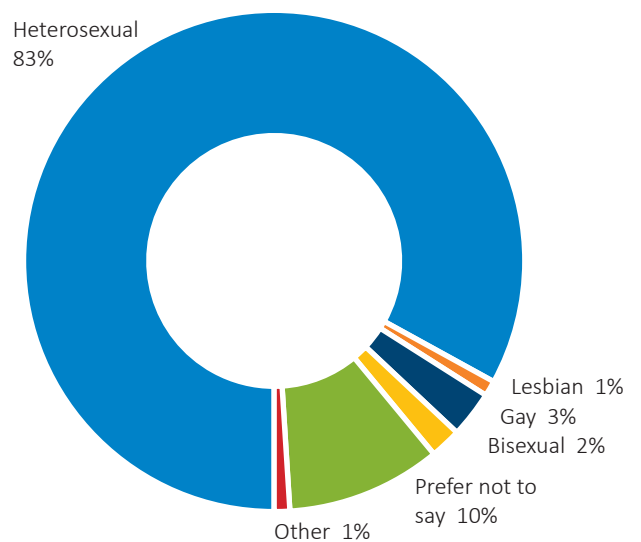


Annual salary/earnings in London 2024 was £47,455

Housing Tenure



Sexual Orientation



Corporate Governance

Board of Directors

The Board is responsible for the strategic direction of the Credit Union, establishing policies and procedures for the operation of the business. It also holds management accountable for delivery of the business plan and maintenance of high-quality service to members. During the financial year the following directors held office:

Directors' Attendance at Board Meetings 2023-2024

Directors	Number of meetings attended	Notes
Ms Helen Baron	12/12	President
Ms Elisabetta Bertero	12/12	
Ms Christiana Bukola Durosomo	1/1	Co-opted September 2024
Mr Paul Campy	10/12	
Ms Julie Dupont-Nedellec	8/12	Treasurer
Mr Chikezie Ekeanyanwu	12/12	
Ms Elaine Greaves	8/12	
Ms Kerry Hallett	2/4	On special leave of absence.
Mr François Jarrosson	10/12	
Mr Don Kehoe	11/12	Secretary
Mr Peter Lovell	7/12	
Mr Mike McGowan	12/12	
Mr Michael Mlilo-Mabaso	0/1	Resigned November 2023
Mr Edmund Pringle	10/12	

The Board is comprised solely of unpaid members of the Credit Union who commit to volunteer on a regular basis. The Chief Executive Officer also attends Board meetings in a non-voting capacity. We remain committed to ensuring that anyone serving on the Board must be suitably qualified and committed to fulfil these roles.

Remuneration

It should be noted that all Directors and Supervisors conduct their duties on a purely voluntary capacity with only 'out of pocket' expenses paid. They commit very significant amounts of time and effort in behind the scenes work that ensures the continuing success of the Credit Union in meeting the needs of our members.

The Credit Union is pleased to report that all of its staff continue to be paid at rates above the London Living Wage. This is an hourly rate, set independently, every year. It is calculated according to cost of living and establishes the recommended minimum pay rate required for a worker to provide their family with the essentials of life. In London the rate during the latter part of the year in question was £13.15p per hour. The ratio between hourly rates of pay of the highest and lowest paid employee in the Credit Union remained the same during the year at 2.8.



Alexander Sloan
Accountants and Business Advisers

LONDON CAPITAL CREDIT UNION LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

Registration No. 214094

LONDON CAPITAL CREDIT UNION LTD

CREDIT UNION INFORMATION

FCA number 214094

Registered Society number 513C

Directors

- Ms Helen Baron
- Ms Elisabetta Bertero
- Mr Paul Campy
- Ms Elaine Greaves
- Mr François Jarrosson
- Mr Don Kehoe
- Mr Chikezie Ekeanyanwu
- Mr Peter Lovell
- Mr Ed Pringle
- Mr Michael McGowan
- Ms Julie Dupont-Nedellec
- Christiana Bukola Durosomo (Appointed 26 September 2024)

Secretary Mr Don Kehoe

Registered office

The Jeremy Hopgood Rooms
Caxton House
129 St John's Way
London
N19 3RQ

Auditor

Alexander Sloan LLP
180 St Vincent Street
Glasgow
G2 5SG

LONDON CAPITAL CREDIT UNION LTD

CONTENTS

	Page
Directors' report	12 - 13
Independent auditor's report	14 - 16
Revenue account	17
Statement of comprehensive income	18
Balance sheet	19
Statement of changes in equity	20
Statement of cash flows	21
Notes to the financial statements	22 - 39

LONDON CAPITAL CREDIT UNION LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

The Directors present their annual report and financial statements for the year ended 30 September 2024.

Principal activity

The principal activity of the credit union continued to be that defined in the Credit Union Act 1979.

The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Results and dividends

The results for the year are set out on page 6.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms Helen Baron	
Ms Elisabetta Bertero	
Mr Paul Campy	
Ms Elaine Greaves	
Ms Kerry Hallett	(Resigned 28 November 2024)
Mr François Jarrosson	
Mr Don Kehoe	
Mr Michael Mlilo-Mabaso	(Resigned 23 November 2023)
Mr Chikezie Ekeanyanwu	
Mr Peter Lovell	
Mr Ed Pringle	
Mr Michael McGowan	
Ms Julie Dupont-Nedellec	
Ms Christiana Bukola Durosomo	(Appointed 26 September 2024)

Compliance statement

Under the Prudential Regulation Authority rulebook the Board of Directors must report to the members at the Annual General Meeting on certain areas of compliance within the credit union. The credit union are therefore pleased to report that during the year the credit union has been in compliance with:

- Depositor Protection Rules 11, 12, 14 and the requirements of rule 15 that relate to rule 11; and
- PRA Credit Union Rule 2.10 (fidelity bond insurance requirements).

Principal risks and uncertainties

The main financial risks of the credit union are set out in the notes to the financial statements.

LONDON CAPITAL CREDIT UNION LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Statement of Directors responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Legislation requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the credit union and of the surplus or deficit of the credit union for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the credit union's transactions and disclose with reasonable accuracy at any time the financial position of the credit union and enable them to ensure that the financial statements comply with the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014. Directors are also responsible for safeguarding the assets of the credit union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the credit union's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the credit union's auditor is aware of that information.

Auditor

In accordance with good practice, the Directors periodically put the Credit Union's external audit services out to tender. This exercise is currently in progress and a resolution for the successful audit firm will be proposed at the forthcoming Annual General Meeting.

By order of the board



.....
Mr Don Kehoe

Secretary

Date: 30 January 2025

LONDON CAPITAL CREDIT UNION LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LONDON CAPITAL CREDIT UNION LTD

Opinion

We have audited the financial statements of London Capital Credit Union Ltd (the 'credit union') for the year ended 30 September 2024 which comprise the revenue account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the credit union's affairs as at 30 September 2024 and of its surplus or deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Credit Union Act 1979 and the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the credit union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the credit union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

LONDON CAPITAL CREDIT UNION LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONDON CAPITAL CREDIT UNION LTD

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the credit union in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been kept by the credit union in accordance with the requirements of the legislation; or
- the Revenue Account and Balance Sheet are not in agreement with the books of account of the credit union; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the credit union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the credit union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the credit union through discussions with directors and other management, and from our wider knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the credit union, including Corporate and Community Benefit Society legislation and taxation legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the credit union's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

LONDON CAPITAL CREDIT UNION LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONDON CAPITAL CREDIT UNION LTD

Audit Response to Risks Identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.
- requesting correspondence the with PRA and FCA.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the credit union's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Sloan LLP

**Accountants & Business Advisers
Statutory Auditor**

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180 St Vincent Street
Glasgow
G2 5SG

LONDON CAPITAL CREDIT UNION LTD

REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	2024 £	2023 £
Loan interest receivable and similar income	3	1,912,770	1,420,240
Interest payable and similar charges	4	(201,291)	(4,450)
Net interest receivable		<u>1,711,479</u>	<u>1,415,790</u>
Fees and commissions receivable	5	12,612	15,513
Fees and commissions payable	6	(61,635)	(53,185)
Net fees and commissions		<u>(49,023)</u>	<u>(37,672)</u>
Other operating income	7	27,819	107,323
Administrative expenses	8	(1,169,052)	(971,702)
Depreciation and amortisation		75,922	107,580
Other operating expenses	9	(62,405)	(56,410)
Impairment on loans for bad and doubtful debts	15	(218,831)	(27,228)
Surplus before taxation		<u>315,909</u>	<u>537,681</u>
Corporation tax	12	(60,533)	(28,491)
Surplus for the year		<u><u>255,376</u></u>	<u><u>509,190</u></u>

The Revenue Account has been prepared on the basis that all operations are continuing operations.
The notes on pages 22 to 39 form an integral part of these financial statements.

LONDON CAPITAL CREDIT UNION LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	2024 £	2023 £
Surplus for the year		255,376	509,190
Other comprehensive income		-	-
Total comprehensive income for the year		<u>255,376</u>	<u>509,190</u>

The notes on pages 22 to 39 form an integral part of these financial statements.

LONDON CAPITAL CREDIT UNION LTD

BALANCE SHEET

AS AT 30 SEPTEMBER 2024

	Notes	2024 £	2023 £
Assets			
Cash and balances at central banks	13	146	75
Loans and advances to banks	13	10,890,897	11,332,515
Loans and advances to customers	14	12,757,322	10,912,749
Investments	16	500,000	500,000
Intangible assets	17	-	(84,429)
Tangible assets	18	9,878	14,488
Other receivables	19	1,850	6,574
Prepayments		4,214	30,204
Total assets		24,164,307	22,712,176
Liabilities and reserves			
Customer accounts	20	21,287,538	20,110,797
Other liabilities	21	116,879	96,865
Subordinated loans	22	665,000	665,000
		22,069,417	20,872,662
General reserve	27	1,206,001	1,006,056
Other reserves	27	888,889	833,458
Total reserves		2,094,890	1,839,514
Total liabilities and reserves		24,164,307	22,712,176

The financial statements were approved by the Board of Directors and authorised for issue on 30 January '25 and are signed on its behalf by:



.....
Ms Helen Baron
Director



.....
Ms Julie Dupont-Nedellec
Director



.....
Mr Don Kehoe
Secretary

The notes on pages 22 to 39 form an integral part of these financial statements.

LONDON CAPITAL CREDIT UNION LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Lloyds Reserve £	IT & Property Reserve £	Other Reserve £	Appropriation Reserve £	Dividend Reserve £	General Reserve £	Total £
Balance at 1 October 2022	50,000	362,265	120,000	24,792	100,000	673,267	1,330,324
Year ended 30 September 2023:							
Surplus and total comprehensive income for the year	-	-	-	-	-	509,190	509,190
Restricted fund acquired on transfer of engagements	-	-	-	-	-	-	-
Other movements	-	50,000	-	194,754	(68,353)	(176,401)	-
Balance at 30 September 2023	50,000	412,265	120,000	219,546	31,647	1,006,056	1,839,514
Year ended 30 September 2024:							
Surplus and total comprehensive income for the year	-	-	-	-	-	255,376	255,376
Other movements	-	-	-	55,431	-	(55,431)	-
Balance at 30 September 2024	50,000	412,265	120,000	274,977	31,647	1,206,001	2,094,890

The notes on pages 22 to 39 form an integral part of these financial statements.

LONDON CAPITAL CREDIT UNION LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	£	2024 £	£	2023 £
Cash flows from operating activities					
Surplus for the period			255,376		509,190
Depreciation and amortisation	10	(75,922)		(107,580)	
Corporation tax expenses	12	60,533		28,491	
Provision movement	15	222,460		31,945	
Interest income on loans	3	(1,676,844)		(1,318,897)	
Distribution on members shares	3/4	207,292		23,599	
			(1,262,481)		(1,342,442)
Working capital adjustments					
Change in other receivables and prepayments		30,714		25,393	
Change in other liabilities		(13,966)		9,802	
Change in deferred income		-		(52,998)	
			16,748		(17,803)
Cash flows from changes in operating assets and liabilities					
Loan repayments less loans advanced	14	(390,189)		(831,432)	
Customer balance cash movement		969,449		720,226	
Movement on funds on deposit	13	(5,245,580)		(229,834)	
			(4,666,320)		(341,040)
Corporation tax paid			(26,553)		(6,922)
Net cash flow from operating activities			(5,683,230)		(1,199,017)
Investing activities					
Purchase of tangible fixed assets	18	(3,897)		(12,189)	
Net cash used in investing activities			(3,897)		(12,189)
Financing activities					
Cash movement on subordinated loans		-		100,000	
Net cash (used in)/generated from financing activities			-		100,000
Net decrease in cash and cash equivalents			(5,687,127)		(1,111,206)
Cash and cash equivalents at beginning of year			7,679,125		8,790,331
Cash and cash equivalents at end of year	30		1,991,998		7,679,125

The notes on pages 22 to 39 form an integral part of these financial statements.

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

Background information

London Capital Credit Union Ltd is registered in the UK as a society under the Co-operative and Community Benefit Societies Act 2014, whose principal activity is to operate as a credit union, within the meaning of the Credit Union Act 1979. The credit union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Co-operative and Community Benefit Societies Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the credit union. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the credit union has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

Fees and charges receivable either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is complete.

Interest receivable on loans to members and bank interest are recognised using the effective interest rate basis and are calculated and accrued on a daily basis.

1.4 Intangible fixed assets - goodwill

Negative Goodwill represents the excess of the fair value of the net assets acquired over the cost of acquisition. It is initially recognised as a negative asset in the Balance Sheet. As the non-cash assets acquired are realised the negative goodwill is released to the Revenue Account.

1.5 Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	33% straight line
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the credit union reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the credit union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the revenue account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the revenue account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of less than 8 days.

1.9 Financial instruments

The credit union has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the credit union's balance sheet when the credit union becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include loans to members and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

The investment held with Meteor Asset Management of £500,000 is treated as a basic financial instrument as it is a capital protected product which the Directors intend to hold to maturity date.

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the revenue account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

The credit union assesses, at each balance sheet date, if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the revenue account, as the difference between the carrying value of the expected cash flows.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the credit union transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

Basic financial liabilities, including members deposits are classified as debt and are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through the revenue account. Debt instruments may be designated as being measured at fair value through the revenue account to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the credit union's contractual obligations expire or are discharged or cancelled.

1.10 Taxation

The tax expense for the period comprises current tax. Tax is recognised in the revenue account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from the surplus as reported in the revenue account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The credit union's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the credit union is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Government grants

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Revenue grants are recognised as income over the periods when the related costs are incurred. Capital grants are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Judgements and key sources of estimation uncertainty

In the application of the credit union's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Loan Impairment

The credit union assesses, at each reporting date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit-risk characteristics. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific loss will be recognised. Any impairment losses are recognised in the Revenue Account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

3 Interest receivable and similar income

	2024 £	2023 £
Interest income on loans	1,676,844	1,318,897
Interest rebate to members	(13,965)	(21,698)
Interest income on bank deposits	249,891	123,041
	<u>1,912,770</u>	<u>1,420,240</u>

4 Interest payable and similar charges

As shares are classed as a liability the dividend on these shares is classed as interest for accounting purposes under FRS 102:

	2024 £	2023 £
Interest and similar charges paid during the period		
Dividend on dividend bearing shares	190,034	1,901
Distributions to juvenile members	3,293	-
	<u>7,964</u>	<u>2,549</u>
Interest on borrowing	201,291	4,450
	<u>201,291</u>	<u>4,450</u>

The distributions on member's shares represents distributions paid in the year which were approved at the last Annual General Meeting. The dividend rates approved at the previous AGM were:

	2024 %	2023 %
Dividend rates paid during year		
Ordinary share dividend	1.00	-
Juvenile share dividend	1.00	1.00
Interest rebate	2.00	2.00
	<u>2.00</u>	<u>2.00</u>

At the forthcoming Annual General Meeting the Directors will propose the following dividends based on the results for the current year. If approved these dividends will be included as a cost in next year's financial statements once they have been paid.

	2024 %	2023 %
Dividend rates to be proposed at the Annual General Meeting		
Ordinary share dividend	1.10	1.00
Juvenile share dividend	1.10	1.00
Interest rebate	2.00	2.00
	<u>2.00</u>	<u>2.00</u>

5 Fees and commissions receivable

	2024 £	2023 £
Service charges	12,612	15,513
	<u>12,612</u>	<u>15,513</u>

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2024

6	Fees and commissions payable		2024 £	2023 £
	Bank charges		61,635	53,185
			<u>61,635</u>	<u>53,185</u>
7	Other operating income		2024 £	2023 £
	Other income		24,710	31,312
	Grant income		-	73,998
	Donations received		3,109	2,013
			<u>27,819</u>	<u>107,323</u>
8	Administrative expenses	Notes	2024 £	2023 £
	Staff costs	11	828,214	685,147
	External auditor's remuneration		13,249	12,930
	Member communication and advertising		130,188	137,488
	Legal, professional and credit control costs		86,809	56,088
	Computer and software expenses		51,252	36,440
	Travel costs		6,162	2,465
	General administration costs		53,178	41,144
			<u>1,169,052</u>	<u>971,702</u>
9	Other operating expenses		2024 £	2023 £
	Regulatory costs		10,221	9,172
	Costs of occupying offices		52,184	47,238
			<u>62,405</u>	<u>56,410</u>

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

10 Operating surplus

	2024	2023
	£	£
Operating surplus for the year is stated after charging/(crediting):		
Fees payable to the credit union's external auditor for the audit of the financial statements	13,249	12,930
Depreciation of owned tangible fixed assets	8,507	6,239
Amortisation of intangible assets	(84,429)	(113,819)
Operating lease charges	50,942	46,961
	<u>50,942</u>	<u>46,961</u>

11 Employees

	2024	2023
	Number	Number
Staff	21	20
	<u>21</u>	<u>20</u>

Their aggregate remuneration comprised:

	2024	2023
	£	£
Wages and salaries	733,343	598,059
Social security costs	65,842	52,034
Pension costs	29,029	23,054
Redundancy payments made or committed	-	12,000
	<u>828,214</u>	<u>685,147</u>

No director received any remuneration during the year (2023: £nil).

12 Corporation tax

	2024	2023
	£	£
Current tax		
UK corporation tax on taxable surplus for the current period	62,471	28,491
Adjustments in respect of prior periods	(1,938)	-
	<u>60,533</u>	<u>28,491</u>

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

The actual charge for the year can be reconciled to the expected charge for the year based on the surplus or deficit and the standard rate of tax as follows:

	2024	2023
	£	£
Surplus before taxation	315,909	537,681
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 25.00%)	78,977	134,420
Tax effect of income/expenditure not taxable in determining taxable surplus	(18,444)	(105,929)
Taxation charge for the year	60,533	28,491

13 Loans and advances to banks

	2024	2023
	£	£
Cash held at banks	1,991,852	7,679,050
Bank deposits	8,899,045	3,653,465
Loans and advances to banks	10,890,897	11,332,515
Cash in hand	146	75
Total cash and bank balances	10,891,043	11,332,590
Loans split by repayment period		
Cash and cash equivalents	1,991,998	7,679,125
Amounts maturing in over 8 days	8,899,045	3,653,465
	10,891,043	11,332,590

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2024

14 Loans and advances to customers

	Notes	2024 £	2023 £
Loan movement			
Opening balances		13,978,478	11,857,161
Interest on loans		1,676,844	1,318,897
Loans advanced during the period		8,380,544	7,684,497
Loans repaid during the period		(7,990,355)	(6,853,065)
Loans derecognised		(91,579)	(29,012)
		<u>15,953,932</u>	<u>13,978,478</u>
Loan impairment provisions	15	(3,196,610)	(3,065,729)
		<u>12,757,322</u>	<u>10,912,749</u>
Loans split by repayment period			
Capital repayments due within 1 year		6,927,020	7,252,477
Capital repayments due after 1 year		9,026,912	6,726,001
Loan impairment provisions	15	(3,196,610)	(3,065,729)
		<u>12,757,322</u>	<u>10,912,749</u>
Loans split by type			
Loans to members		15,953,932	13,978,478
Loan impairment provisions	15	(3,196,610)	(3,065,729)
		<u>12,757,322</u>	<u>10,912,749</u>

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

15 Loan impairment

	Write off Provision £	Arrears Provision £	Total Provisions £
Loan impairment provision			
Opening balances	187,587	2,878,142	3,065,729
Provision movement	(39,433)	170,314	130,881
Closing balances	<u>148,154</u>	<u>3,048,456</u>	<u>3,196,610</u>

Under Financial Reporting Standard 102 (FRS 102), the criteria for derecognising (writing off a loan) is different from when the credit union would write off the loan for internal purposes. Loans written off by the Board that do not meet the criteria in FRS 102 for being derecognised are not written off in these financial statements. The loans the credit union feel should be written off but which do not meet the criteria in FRS 102 for being derecognised are fully provided in the write off provision which is shown above. As a result there is no net effect on the surplus or net assets of the credit union from this requirement of FRS 102.

	Notes	2024 £	2023 £
Impairment revenue account charge			
Impairment provision movement		130,881	2,933
Bad debts derecognised	14	91,579	29,012
Bad debts recovered		(3,629)	(4,717)
		<u>218,831</u>	<u>27,228</u>

16 Investments

	2024 £	2023 £
Investments	<u>500,000</u>	<u>500,000</u>

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

17 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 October 2023 and 30 September 2024	(203,355)	86,002	(117,353)
Amortisation and impairment			
At 1 October 2023	(118,926)	86,002	(32,924)
Amortisation charged for the year	(84,429)	-	(84,429)
At 30 September 2024	(203,355)	86,002	(117,353)
Carrying amount			
At 30 September 2024	-	-	-
At 30 September 2023	-	-	(84,429)

18 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 October 2023	127,691
Additions	3,897
At 30 September 2024	131,588
Depreciation and impairment	
At 1 October 2023	113,203
Depreciation charged in the year	8,507
At 30 September 2024	121,710
Carrying amount	
At 30 September 2024	9,878
At 30 September 2023	14,488

19 Other receivables

	2024 £	2023 £
Amounts falling due within one year:		
Other debtors	1,850	6,574

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

20 Customer accounts

	2024 £	2023 £
Deposit movement		
Opening balances	20,110,797	19,366,972
Deposited during the period	18,645,950	16,451,305
Withdrawn during the period	(17,469,209)	(15,707,480)
	<u>21,287,538</u>	<u>20,110,797</u>
Deposits split by type		
Standard dividend bearing member shares	20,159,605	19,494,821
Corporate dividend bearing shares	687,007	391,653
Juvenile member deposits	440,926	224,323
	<u>21,287,538</u>	<u>20,110,797</u>

21 Other liabilities

	2024 £	2023 £
Corporation tax	62,471	28,491
Other creditors	3,981	3,981
Accruals and deferred income	50,427	64,393
	<u>116,879</u>	<u>96,865</u>

22 Loans and overdrafts

	2024 £	2023 £
Subordinated loans	<u>665,000</u>	<u>665,000</u>
Payable within one year	-	80,000
Payable after one year	<u>665,000</u>	<u>585,000</u>

Included within creditors is subordinated debt. This debt is subordinate to the interests of all other creditors, including members and juvenile depositors, except deferred shares. In accordance with the PRA rulebook it is counted as regulatory capital. The debts are repayable on various dates starting in September 2028. Interest is charged on one loan of £100,000 at a rate of 2%. Interest is also charged on another loan of £100,000 at a rate of Bank of England base rate plus 0.5% and the annual interest rate is capped at 4%. All other subordinated loans are not charged interest.

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

23 Retirement benefit schemes

	2024	2023
	£	£
Defined contribution schemes		
Charge to revenue account in respect of defined contribution schemes	29,029	23,054
	<u>29,029</u>	<u>23,054</u>

The credit union operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the credit union in an independently administered fund.

24 Credit risk on lending

The credit union holds the following security against its loans to members:

	2024	2023
	£	£
Security for loans		
Attached shares	6,211,520	3,878,769
	<u>6,211,520</u>	<u>3,878,769</u>

The carrying amount of the loans to members represents the credit union's maximum exposure to credit risk with respect to loans to members. The following table provides information on the credit quality of loan repayments. Where loans are not impaired it is expected that the amounts repayable will be received in full. The status 'past due' includes any loan where payments are in arrears. The amount included is the entire loan amount and not just the overdue amount.

	2024	2023
	£	£
Loans not individually impaired		
Not past due	12,038,953	10,594,571
Up to 3 months past due	925,073	369,826
	<u>12,964,026</u>	<u>10,964,397</u>
Loans individually impaired		
Between 3 and 6 months past due	124,081	88,129
Between 6 months and 1 year past due	180,872	157,152
Over 1 year past due	2,536,799	2,581,213
Individually impaired and written off for internal purposes	148,154	187,587
	<u>2,989,906</u>	<u>3,014,081</u>
Total loans	15,953,932	13,978,478
Impairment allowance	(3,196,610)	(3,065,729)
	<u>12,757,322</u>	<u>10,912,749</u>

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

25 Financial risk management

The Board of Directors has a risk sub committee that meets and conducts thorough analysis of risks across the business and reports directly to the Board.

The credit union manages its shares and loans so that it earns income from the margin between interest receivable and interest payable (including dividends paid).

The main financial risks arising from the activities of the credit union are credit risk, liquidity risk and market risk. The Board reviews and agrees policies for managing each of these risks which are summarised below:

Credit risk

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayment to the credit union, resulting in financial loss to the credit union. In order to manage this risk the Board approves the lending policy and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate the likelihood of repayment has changed. The credit union also monitors its banking arrangements for credit risk.

Liquidity risk

The policy of the credit union is to maintain sufficient funds in liquid form at time to ensure that it can meet its liabilities as they fall due and meet the liquidity ratios set by the regulators. The objective of the policy is to provide a degree of protection against any unexpected developments that may arise

Market risk

Market risk generally comprises of interest rate risk, currency risk and other price risk. The main risks impacting the credit union are set out below:

Interest rate risk: The main interest rate risk for the credit union arises between the interest rate exposure on loans, bank deposits and shares that form an integral part of a credit union's operations. The credit union considers rates of interest receivable when deciding on proposed dividend rates. Dividend rates are based on the historical results of the credit union and the credit union's strategic plans. The credit union does not use interest rate options to hedge its own positions.

Foreign Currency Risk: All transactions are carried out in sterling and therefore the credit union is not exposed to any form of foreign currency risk.

Other price risk: The credit union only holds investments in government securities and those with credit institutions that meet the criteria of Chapter 6 of the PRA rulebook. The credit union monitors the investments throughout the year.

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2024

26 Credit risk on bank and investments

The credit union invests funds not yet actively deployed in the following investments:

	2024	2023
	£	£
Bank accounts	1,991,852	7,679,050
Bank term deposits	8,899,045	3,653,465
Investments	500,000	500,000
	<u>11,390,897</u>	<u>11,832,515</u>

The credit union believes the full amount of these investments is recoverable.

27 Reserves

General Reserve

The general reserve represents the base capital of the credit union and is the retained surpluses and deficits which have not been allocated to another specific reserve.

The credit union has the following other reserves:

IT & Property

The IT & Property reserve represents reserves allocated to future IT and property projects of the credit union.

Other

Other reserves represent reserves of the credit union which have not been designated for any specific purpose.

Dividend

The Dividend reserve represents reserves allocated to future dividend payments.

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

28 Interest rates on financial instruments

The following table shows the interest earned during the year divided by the average loan balance and the dividend/interest paid during the year divided by the average share balance. The average balance is taken as the average of the opening and closing balances.

	2024		2023	
	Amount £	Rates received in year %	Amount £	Rates received in year %
Financial assets				
Loans to members	15,953,932	11.20%	13,978,478	10.21%
Investments	500,000	-	500,000	-
Loans and advances to banks	10,890,897	2.25%	11,332,515	1.05%
	<u>27,344,829</u>		<u>25,810,993</u>	
Financial liabilities				
Juvenile deposits	(440,926)	0.99%	(224,323)	-
Dividend bearing shares	(20,846,612)	0.93%	(19,886,474)	0.01%
Loans to the credit union	(665,000)	1.20%	(665,000)	0.38%
	<u>(21,952,538)</u>		<u>(20,775,797)</u>	

29 Capital

The credit union classes all of its reserves as capital. The credit union manages its reserves through its financial and budgeting policies and procedures. In addition, a proportion of the subordinated loan is classed as capital in accordance with the PRA rule book. The Prudential Regulation Authority sets out requirements for the capital ratio that the credit union must maintain. The ratio is calculated after proposed dividends. The credit union's compliance with the ratio at the year end is set out below:

	2024 %	2023 %
Actual capital to asset ratio	<u>10.31%</u>	<u>9.36%</u>
Regulatory requirement		
Base capital requirement	<u>6.76%</u>	<u>6.68%</u>
Total capital requirement	<u>6.76%</u>	<u>6.68%</u>

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2024

30 Analysis of changes in net funds

	1 October 2023	Cash flows 30 September 2024	
	£	£	£
Cash and cash equivalents	7,679,125	(5,687,127)	1,991,998
Bank deposits maturing in over 8 days	3,653,465	5,245,580	8,899,045
	<u>11,332,590</u>	<u>(441,547)</u>	<u>10,891,043</u>
Borrowings excluding overdrafts	(665,000)	-	(665,000)
	<u>10,667,590</u>	<u>(441,547)</u>	<u>10,226,043</u>

31 Financial commitments, guarantees and contingent liabilities

Contingent Liabilities

The credit union participates in the Financial Services Compensation Scheme (FSCS) which provides protection for its members up to the level of protection offered by the FSCS. As a result of the credit union's participation it has a contingent liability, which cannot be quantified, in respect of future contributions to the FSCS, as required by the Financial Services and Markets Act 2000.

32 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £	2023 £
Within one year	9,415	9,415
Between two and five years	17,161	26,576
Total lessee operating lease commitment	<u>26,576</u>	<u>35,991</u>

33 Related party transactions

The credit union classes the Directors and members of the senior management team as key management.

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2024 £	2023 £
Wages and salaries	<u>88,321</u>	<u>83,886</u>

Transactions with key management

Balances held by members of key management and their close family members in the credit union are set out below. Loans to key management and their close family members are on standard terms and conditions.

LONDON CAPITAL CREDIT UNION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2024

33 Related party transactions

(Continued)

	2024	2023
	£	£
Loans to key management and their close family	2,178	166
Shares held by key management and their close family	41,235	44,431
	<u>43,413</u>	<u>44,600</u>

Other related party transactions

The Credit Union received a subordinated loan of £50,000 from St Luke's Parochial Trust in the year 2018/19 whose chair is the secretary of the Credit Union. These balances are outstanding at the end of the year. There were no subordinated loans received from related parties this year.

The Credit Union's trade body is the Association of British Credit Unions Limited (ABCUL). One of the Directors of the Credit Union was also previously a Director of ABCUL. Subscriptions paid to ABCUL during the year were £18,740 (2023: £14,809).

The following page does not form part of the statutory accounts

LONDON CAPITAL CREDIT UNION LTD

DETAILED REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	2024 £	2023 £
Income			
Interest income on loans	3	1,676,844	1,318,897
Interest income on bank deposits	3	249,891	123,041
Fees and commissions receivable	5	12,612	15,513
Other income	7	27,819	107,323
		<u>1,967,166</u>	<u>1,564,774</u>
Expenditure			
Staff costs	11	828,214	685,147
Auditors remuneration		13,249	12,930
Member communication and advertising	8	130,188	137,488
Legal, professional and credit control costs	8	86,809	56,088
Computer and software expenses	8	51,252	36,440
Travel costs	8	6,162	2,465
Bank charges	6	61,635	53,185
General administration costs	8	53,178	41,144
Regulatory costs	9	10,221	9,172
Costs of occupying offices	9	52,184	47,238
Depreciation and amortisation	10	(75,922)	(107,580)
Impairment on loans for bad and doubtful debts	15	218,831	27,228
Loan interest payable		7,964	2,549
		<u>1,443,965</u>	<u>1,003,494</u>
Surplus before taxation		523,201	561,280
Corporation tax	12	(60,533)	(28,491)
		<u>462,668</u>	<u>532,789</u>
Distributions		(207,292)	(23,599)
Surplus for the year		<u><u>255,376</u></u>	<u><u>509,190</u></u>



Active Adult Membership



18,512
(+8%)

Members Loans Balances



£12,757,322
(+17%)

Borrowers



**Number of
loans issued**
3,727 (+6%)

Total Savings



£21,288,000
(+6%)

Value of loans issued



£8,381,000
(+9%)

Capital Asset Ratio



10.35%
(+11%)



London Capital Credit Union
the savings & loans co-operative

It was so easy and smooth sailing with the loan application. The service was excellent, from applying to signing paperwork via the online application and my loan being approved. It's easy to navigate the online app and my savings account.

I've always had a good credit score up until a few years ago when I was struggling with my mental health. Credit Union gave me hope when I was at rock bottom. Other financial services that I used to rely on were no longer available to me and I felt trapped and helpless in my situation.

London Capital Credit Union Ltd

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Web: www.credit-union.coop

Secure Savings | Ethical Investments
Low Cost Loans | Young Savers Accounts
Profit Sharing Dividends

Authorised by the Prudential Regulation Authority and Regulated by
the Financial Conduct Authority and the Prudential Regulation Authority
Firm No. 214094 | Reg. No. 513c

Registered Address:
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